



INCREASING TOURISM TO SPUR ECONOMIC GROWTH

Progress on the President's National Travel and Tourism Strategy

The Executive Office of the President

May 2014



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EXECUTIVE SUMMARY

Travel and tourism is a major driver of the U.S. economy. It supports millions of jobs across the country and furthers U.S. strategic and diplomatic interests.

- In 2013, the travel and tourism industry supported 8 million jobs. Of these, 1.3 million of were supported by international travelers.
- Travel and tourism is one of America's most important services exports, accounting for 27% of all services exports and generating a net trade surplus of \$57 billion in 2013. The United States leads the world in tourism exports and is number two worldwide in annual international visitors.
- The number of international visitors has grown from 55 million in 2009 to 70 million in 2013, and each overseas visitor spends on average \$4,500 per visit, at American hotels, shops, restaurants, and other domestic businesses.
- The growth in international visitors has supported roughly 175,000 American jobs over the past five years.¹

In May 2012, the Administration launched the National Travel and Tourism Strategy for expanding travel to and within the United States, and the President set an ambitious goal of attracting and welcoming 100 million international visitors annually by the end of 2021, who are estimated to spend \$250 billion on an annual basis. Two years later, we are on track to meet our goal, and we have made significant progress on specific actions to encourage and make it easier for international travelers to visit the United States, including:

- The State Department issued 9.2 million visas in 2013, up 42% since 2010.
- Visa waiting periods in Brazil and China have dropped from as high as 100 days to less than five days on average.
- Greece joined the Visa Waiver Program in 2010, followed by Taiwan in 2012 and Chile in 2014, for a total of 38 countries whose citizens now enjoy visa-free business and tourism travel to the United States.
- At the end of 2013, more than 2 million people had access to Trusted Travel Programs (a nearly 60 % increase from the previous year), and over 30 million passengers received TSA Pre✓™ expedited screening at the 115 domestic airports in partnership with participating U.S. air carriers and U.S. Customs and Border Protection (CBP).

This report highlights the many economic benefits to the United States from increased travel and tourism and the progress that the Administration is making in implementing the President's strategy.

¹ Source: National Travel and Tourism Office

Looking ahead, as part of the President's agenda for expanding economic opportunity for all, the Administration is committed to ensuring the United States remains the most attractive destination for international travel and tourism, and that these investments continue to help bolster our economy. We need to build on our progress to date and make it easier for people around the world to visit the United States, so even more travelers will choose to come to the this country, support our travel and tourism sector and create new American jobs.

SECTION 1: TRAVEL AND TOURISM IS SIGNIFICANT FOR U.S. ECONOMIC COMPETITIVENESS

As a travel destination, no other nation can compete with the diversity of experiences found across the United States and its territories, with its public lands, waters, and iconic cultural and historic sites. In fact, the United States leads the world in revenues from international travel and tourism and ranks second in the number of international visitors. In 2013, 70 million international visitors came to the United States and spent a record \$181 billion on US travel and tourism related goods and services.

Travel and tourism is a major contributor to the U.S. economy. The \$1.5 trillion industry supports nearly 8 million American jobs. Of these, 1.3 million are supported by international visitors.

Travel and tourism has both direct and indirect impacts on our economy. Direct impacts include sales from hotels, restaurants, attractions, and transportation companies. Indirect impacts include output from ancillary industries, such as airline fuel, hotel linen providers, kitchen supply companies, and florists.

Tourism Matters for the U.S. Economy and for American Families

Exploring the iconic landscape and national treasures across the country is a great pastime for American families, and one that is critical to the economic health of states and cities. Indeed, a goal of the 2012 National Strategy was to encourage more Americans to travel within the United States and its territories.

Spotlight on Travel and Tourism in Houston, Texas

The largest city in the southern United States, Houston trails only New York, Los Angeles and Chicago as the most populous city in the nation. Houston's three airports served 50.9 million travelers in 2013, including over 9 million international travelers.

Total Travel Impact: In 2012, travel led to \$10.8 billion in total spending and \$643.5 million in local and state tax revenue, supporting over 79,000 jobs. (Source: Dean Runyan and Associates, The Economic Impact of Travel on Texas 1990-2012p, June 2013)

International Visitation: In 2012, Houston had over 665,000 international visitors, a 12 percent increase over 2011. This was the largest percentage increase for any of the top 20 cities. (Source: NTTU)

Meetings and Conventions: In 2012, Houston hosted 348 conventions, events, and shows, drawing over 573,000 delegates and generating an economic impact of \$558.1 million. (Source: Houston Convention & Visitors Bureau)

From natural destinations like Yosemite, the Grand Canyon, and Yellowstone, to urban landmarks such as the Statue of Liberty and the National Mall, America's public lands, waters,

and destinations help drive the travel and tourism economy. Recreation activities in national parks, wildlife refuges, forests, marine sanctuaries, lakes, and other federally managed lands and waters contributed well over \$50 billion and nearly 880,000 jobs to the U.S. economy in 2012, the most recent year for which data is available.²

As one of America’s largest and fastest-growing employers, the U.S. travel and tourism industry greatly impacts regional economies. This is true for major cities, local communities, parks, waters and other destinations across the country. New York City, San Francisco, Washington DC and other major national hotspots of commerce, technology and culture attract hundreds of thousands of domestic and international tourists each year and these visitors support American jobs in hotels, restaurants, and retail stores. Furthermore, approximately 20 million leisure travelers visited federal lands and waters, thereby additionally boosting spending in lodging, dining, retail establishments, and more. Increasing both international and domestic travel and tourism to public lands will further increase job creation and strengthen local and regional economies.³

Bringing more International Visitors to the United States Matters

More international travel means more exports, more small businesses, and more spending. Most importantly, it means more American jobs that cannot be outsourced. The travel and tourism industry is the largest U.S. services export, accounting for more than 27% of all U.S. services exports and nearly 8% of exports overall.



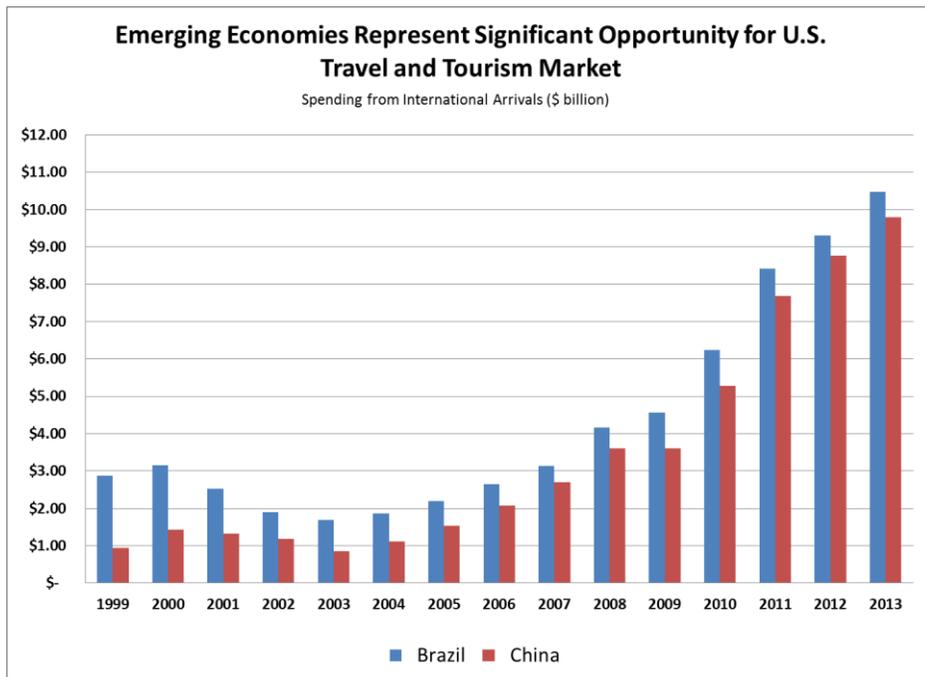
Sources: U.S. Department of Commerce and National Travel and Tourism Office.

² Source: Department of Interior, United States Forrest Service, Army Corp of Engineers and the National Oceanic Atmospheric Administration

³ Source: Department of Interior, United States Forrest Service, Army Corp of Engineers and the National Oceanic Atmospheric Administration

In 2013, a record 70 million international visitors traveled to the United States, spending an all-time high of \$180.7 billion, an increase of more than 9% from 2012. International visitors spent nearly \$1.3 billion more a month in the United States in 2013 than they did the previous year. The U.S. travel and tourism trade surplus was \$57 billion in 2013, a 20% increase from 2012 and the largest such surplus on record.⁴

One part of the growth of the U.S. travel and tourism industry is the growth in spending from emerging economies such as Brazil and China. Between 2009 and 2013, total spending by travelers to the United States from Brazil and China combined has increased from about \$8 billion to just over \$20 billion.



Sources: U.S. Department of Commerce and National Travel and Tourism Office.

⁴ Source: National Travel and Tourism Office

SECTION 2: SIGNIFICANT PROGRESS TO DATE IN IMPLEMENTING THE PRESIDENT'S STRATEGY TO INCREASE INTERNATIONAL VISITATION TO THE United States

Impact of National Travel and Tourism Strategy Implementation

The National Travel and Tourism Strategy establishes a goal of welcoming and supporting 100 million annual international visitors by 2021, while also encouraging Americans to see all that America has to offer. The Strategy outlines federal efforts to promote the United States, enable travel and tourism to and within the United States, provide world class customer service and visitor experience, coordinate across government, and provide research and measure results.

The Strategy is being implemented across the U.S. government through the Tourism Policy Council, the interagency committee chaired by the Secretary of Commerce that includes representatives from the Departments of State, Treasury, the Interior, Agriculture, Labor, Defense, Transportation and Homeland Security, as well as the Small Business Administration.

Federal agencies and Brand USA—the country's nonprofit travel promotion corporation—are piloting a program to create integrated strategic plans at the country level to increase demand for travel to the United States. The plans will also ensure that federal agencies plan for downstream effects to meet consumer demand for services and provide a quality visitor experience. Strategies include marketing and promotional activities, communicating U.S. entry policies, increasing participation in trusted traveler programs, anticipating entry volumes, and maximizing the benefits of Open Skies and other international aviation agreements. The first pilot location is the United Kingdom.

Brand USA is also promoting the United States in traditional and emerging markets, working with partners and destinations from across the country. Overall, Brand USA now has representation in nearly 20 international markets.

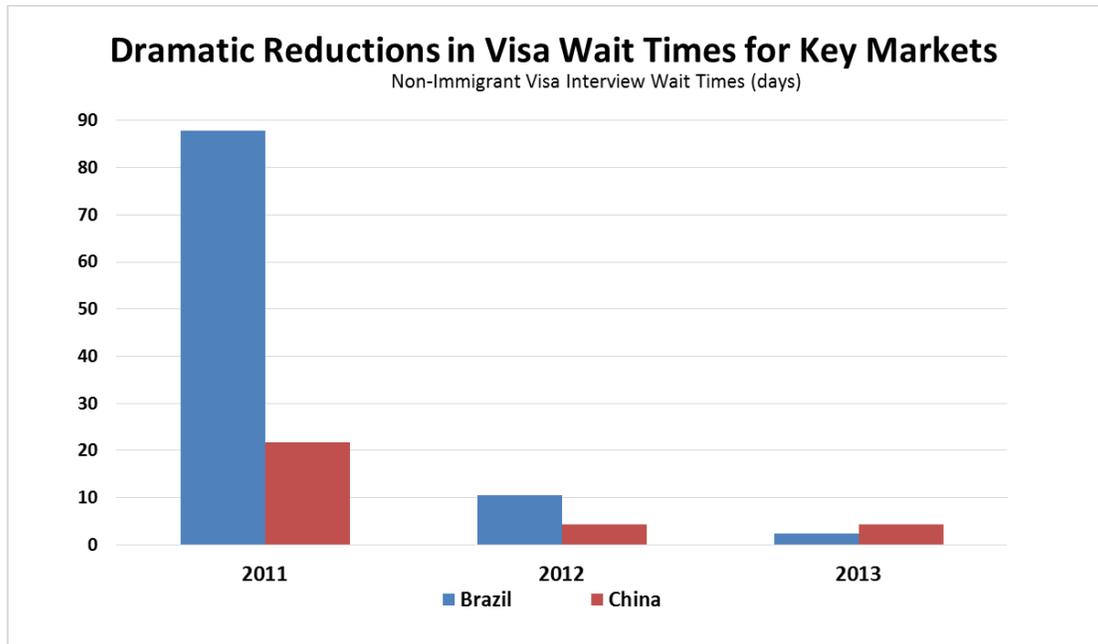
Federal agencies will continue to work, collaboratively and independently, to implement the Strategy. From interviewing visa applicants, to processing travelers at U.S. ports of entry, to screening passengers in our airports, agencies are reengineering processes and redeploying resources with an eye to facilitating a growing number of travelers in a way that enhances our national security.

Visa Facilitation

The Department of State has expanded consular facilities, added hundreds of new consular staff, and improved efficiency, resulting in major strides in facilitating legitimate travel to the United States. Consular officers at 224 embassies and consulates overseas issued almost 9.2 million

nonimmigrant visas in fiscal year 2013, up from about 6.5 million in 2010 and representing a 42% increase in just three years.

The Department of State continues to do its part to achieve the President’s goals in Executive Order 13597. Since August 2012, the Department has met the goal to interview 80 % of applicants worldwide within three weeks of submitting their applications. For 2013, the global average was over 92 %; a full ten percent higher than 2012. At the busiest overseas post, São Paulo, Brazil, where over half a million nonimmigrant visas were issued in fiscal year 2013, appointment wait times are consistently less than one week.



Source: U.S. Department of State.

This progress is thanks to concrete steps taken by the State Department and Department of Homeland Security. Staff increases have built capacity in key markets and existing facilities are also being expanded opening new consulates and relocating existing consulates into larger facilities.

One of the most effective ways of improving the efficiency of visa operations is to eliminate in-person interviews for low-risk travelers. The Department of State, in concert with the Department of Homeland Security, authorized the Interview Waiver Program, which allows consular officers to waive non-immigrant visa interviews for certain low-risk applicants, after a careful review of the application and a thorough security check. In fiscal year 2013, over 380,000 interviews were waived, and a recent study confirmed that tourist and business visitor visa holders with waived interviews posed no greater risk of overstaying their visas than those who had an in-person interview. The Administration is focusing its efforts on using technology and advanced fraud detection techniques to help expand the pool of applicants for whom interviews can be waived. This allows an appropriate balance of resources and facilitating travel for low risk applicants.

As Secretary Kerry has said, economic policy is foreign policy. The visa process protects U.S. borders, but it is also an integral part of the country's diplomatic face beyond those borders. The Administration is working harder than ever to make that process straightforward, clear, and as applicant-focused as possible, without compromising security.

Increased Visitation from Emerging Markets

Visitation and spending from Brazil, China and India have continued to increase, supported by steps outlined in the President's Executive Order and the Strategy.

To address the important economic opportunity presented by booming tourist travel from the developing world, the Department of State created over 50 new officer positions in China in fiscal year 2012 and more than doubled Mission Brazil's consular staff. Ahead of schedule, the State Department met the President's Executive Order target of a 40% capacity increase in Brazil and China. In addition, the Department piloted a rapid-hiring program to deploy 59 more adjudicators in China, Brazil, Mexico, Colombia, and the Dominican Republic, an added capacity of 900,000 visas adjudications per year.

The State Department continues to increase capacity by expanding and remodeling consular facilities to process more visa applications, including planned expansions in China and India and entirely new visa-processing facilities in Porto Alegre and Belo Horizonte, Brazil, and Wuhan, China.

Spotlight on Brazil Visa Processing

At the embassy and three consulates in Brazil, the State Department issued nearly one million visas last year. Visa issuances in Brazil have more than doubled since 2009 and nearly quadrupled since 2006. Tourism from Brazil to the United States is booming – over two million visitors spent \$10.5 billion in 2013. Any operation, public or private, would struggle to accommodate that kind of growth, yet right now a tourist visa applicant in Brazil can get an appointment in just a day or two. How did we do this?

- ❖ First, we increased staffing. In 2012, we met the President’s Executive Order directive to increase consular staffing in Brazil by 40% within six months, and eventually more than doubled our consular staff. Some of that increase was through an innovative new hiring program that let us bring Portuguese-speaking U.S. citizens on board quickly.
- ❖ But we didn’t just throw more people at the problem – we worked smarter, too. Innovations developed at our posts in Brazil increased productivity by nearly 50 percent. The Bureau of Consular Affairs also teamed with Disney Worldwide Services, drawing on their expertise in queue management to process more applicants through the same spaces in less time. Most applicants in Brazil are now in and out of our facilities in 30 minutes or less.
- ❖ Finally, we’ve taken steps to use our facilities more intelligently. Applicants now visit one of six off-site facilities for some of the early steps in the visa process, and for returning travelers we frequently renew visas without an in-person interview, leaving our valuable embassy and consulate space for the applicants with whom we really need to speak. And we continue to plan for the future. New facilities in Belo Horizonte and Porto Alegre are in the works, as is an expansion in Recife.

With these human and capital resource improvements, along with more efficient processing and continued expansion of air service between the United States and Brazil, we look forward to welcoming even more Brazilian tourists, businesspeople, and students to the United States in the years to come.

SECTION 3: ECONOMIC SIGNIFICANCE OF EXPEDITING THE ENTRY AND ARRIVAL PROCESS

Importance of the Customer Experience

The time required to securely process arriving international passengers has an impact on the competitiveness of U.S. airports and airlines in the domestic and international markets. As international air travel to the United States has surged over the past few years, achieving a record level of 102 million international air arrivals (including returning U.S. citizens and international visitors) in 2013, the Department of Homeland Security continues to strive to ensure a positive first impression for each and every traveler to the United States, while continuing to safeguard our national security. Consistently minimizing the time passengers wait for primary inspection and customs clearance can minimize connection times for passengers, help airlines maximize operational efficiency, and make airports more attractive to airlines and travelers. Long and unpredictable wait times for arrivals processing, conversely, can contribute to inefficiency and negative passenger perceptions.

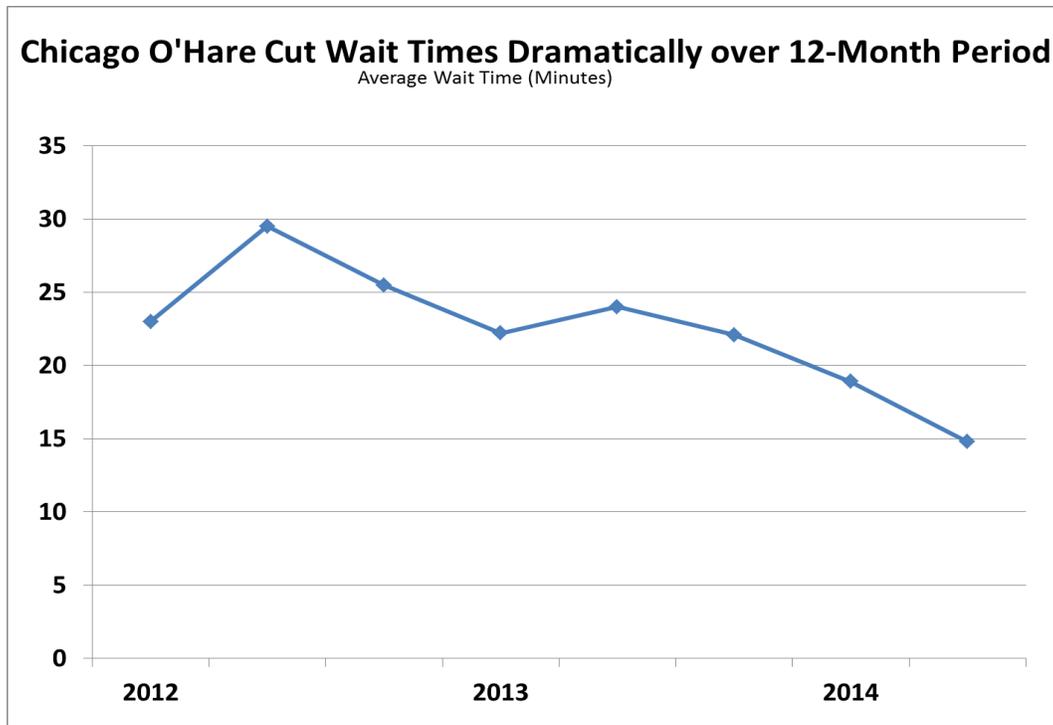
Throughout the last two years, the United States has made progress in addressing this challenging issue. Although, passenger volume has increased and staffing has remained flat, wait times are 18% shorter than one year ago, with some airports seeing wait time reductions in the 25-40% range. The Administration remains firmly resolved in its commitment to continue to lean forward and partner with the travel industry to implement new and innovative ways to improve its service levels and to build on the progress made in the past few years. We will do this by building capacity, leveraging existing resources, and improving the entry processes without compromising security.

Progress We Can Build On

“I want to thank CBP and our airline partners for working with the CDA [Chicago Department of Aviation] to bring this new technology and better customer experience to O’Hare. Passengers arriving at O’Hare Terminal 5 will experience shorter wait times, less congestion, and faster processing because of this innovative program.”

-- CDA Commissioner Rosemarie S. Andolino.

Through close partnerships with airports and industry, we have seen dramatic improvements to the entry process and reduction in wait times are possible. At Dallas-Fort Worth and Chicago O’Hare airports, a combination of measures, such as Automated Passport Control kiosks, Trusted Travel Programs like Global Entry, and reimbursable service agreements, reduced wait times by nearly 40% on average over 12 months. These efforts reduced by more than half the percentage of travelers waiting over 30 minutes, resulting in a new average wait time through border security of 15 minutes.



Sources: Department of Homeland Security and U.S. Customs and Border Protection.

Chicago O’Hare International Airport has seen passenger growth of 7 % this year—the second fastest growth of any top 10 airport— and has partnered with Customs and Border Protection (CBP) on improved queuing, signage, passenger flow, Global Entry, and critically, Automated Passport Control kiosks. The results have been dramatic.

At **Dallas-Ft. Worth International Airport**, international arrivals have grown 16 % over the past year and 39 % over the last four years, the most of any top -- 20 airport during that stretch. The airport partnered with CBP not only on queuing, signage, passenger flow, Global Entry, and Automated Passport Control kiosks, but also on a reimbursable agreement for enhanced CBP services. As in Chicago, the results have been tremendous.

Through close partnerships between airports and industry, examples like Chicago O’Hare and Dallas Ft. Worth that are taking the transformative steps to improve wait times for international arrivals, can become more common place. The initiatives below set forth the key areas for progress this year to continue to improve service levels, engage actively with the travel and tourism industry, and keep pace with the critical growth in international travel.

Automating Traveler Processing through The Expansion of Automated Passport Control Kiosks

Automated Passport Control (APC) kiosks provide touch screen technology to allow passengers to scan their passports and enter their customs declaration information. Provided through public-private partnerships with airport authorities, these kiosks expedite air passenger inspection for U.S. and Canadian citizens at participating air ports. APC kiosks reduce officer interaction to approximately 30 seconds (from 55 seconds) while increasing security by allowing officers to focus on the interaction with the passenger. In the past year, 15 airports have already deployed the technology, with plans for another 10 to join by the end of the year. A number of these

airports, including JFK, ORD, DFW and MCO, have experienced reductions in wait times of 30% or more after APC kiosks have been installed.

Expanding Trusted Traveler and Expedited Clearance Programs

The Department of Homeland Security (DHS) has developed and is expanding popular trusted traveler programs. At the end of 2013, more than 2 million people had access to Trusted Traveler Programs, a nearly 60% increase from the previous year, and over 30 million passengers received TSA Pre✓™ expedited screening at more than 115 domestic airports in partnership with participating U.S. air carriers and CBP.

- *Trusted Traveler Programs – Global Entry:* More than 2.3 million people have access to CBP Trusted Traveler Programs, including Global Entry, which allows expedited clearance for pre-approved, low-risk air travelers upon arrival in the United States. Global Entry is available at 47 airports and the kiosks have been used more than 8 million times. Global Entry is available directly to U.S. citizens, U.S. lawful permanent residents, and nationals of seven other countries. In fiscal year 2013, there were almost 1 million additional uses of Global Entry and NEXUS air kiosks, representing a 34% increase in usage over fiscal year 2012 (3.3 million vs. 2.5 million uses).
- *Expedited Screening Programs – TSA Pre✓™:* Since the inception of TSA Pre✓™ on October 4, 2011, over 200 million passengers have received some form of expedited screening at more than 115 participating domestic U.S. airports in partnership with participating U.S. air carriers and CBP. Certain U.S. citizen frequent travelers from Alaska Airlines, American Airlines, Delta Air Lines, Hawaiian Airlines, JetBlue Airways, Southwest Airlines, United Airlines, US Airways, and Virgin America are able to participate. On April 29, 2014, Air Canada became the first foreign owned air carrier participating in TSA Pre✓™. TSA is working with a number of other foreign owned air lines to expand international air carrier participations.

Public-Private Partnerships

In the last two budget cycles, the Administration has requested, and Congress has granted, new legal authorities for DHS to enter into voluntary partnerships with state, local, tribal, and private sector entities so that increased customs and immigration inspections services could be provided on a reimbursable basis at U.S. ports of entry upon request. Five agreements were signed in December 2013. Early indicators demonstrate that these partnerships can have a meaningful impact on service levels at the locations where the stakeholders have requested increased services. In 2014 DHS will seek to enter into five additional partnerships with international gateway airports, as well as seek additional opportunities to expand services and facilities at land and sea ports consistent with the authority granted by Congress.